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C O N F I D E N T I A L SECTION 01 OF 03 MOSCOW 000392

SIPDIS

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SUBJECT: IRAN DOMINATES NETANYAHU'S VISIT TO MOSCOW

Classified By: Acting Political Minister Counselor Eric Green for reasons 1.4 (b) and (d).

¶1. (C) Summary: In a two-day visit to Moscow, PM Netanyahu pressed his case on Iran while the GOR was more focused on trade than the MEPP. The Israeli PM downplayed disagreements over Hamas and welcomed government initiatives to help crisis-depleted economic relations. Netanyahu came away pleasantly surprised with Moscow's tougher attitude towards Tehran and the GOR's willingness to countenance sanctions, even though disagreement remains on their content. Israeli contacts are confident Russia will not deliver the S-300s to Iran anytime soon. End Summary.

A Special Relationship

¶2. (C) In his first official visit to Russia, PM Netanyahu met with President Medvedev and Prime Minister Putin as well as leaders from Russia's Jewish community. Both sides described this as a productive visit with "frank but positive discussions."

¶3. (C) Israeli DCM Roi Rosenblit said Netanyahu's visit emphasized the "special relationship" between Israel and Russia. He indicated that this the connection between the two countries has flourished in the past year. Thanks to visa free travel, 400,000 Russian tourists travelled to Israel in 2009.

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Bilateral Economic and Cultural Ties Increasing
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¶4. (C) According to Dmitri Lebedev, Second Secretary in the MFA's Israel and Palestine Department, there was some discussion of economic issues, including cooperation in nanotechnology, agriculture, tourism and banking. The Russian-Israeli Bilateral Economic and Trade Commission last met in November 2009. The commission is planning another meeting in 2010 in Jerusalem although a date has not yet been selected. Lebedev noted that Putin has agreed to visit Israel in 2010.

¶5. (C) Rosenblit said both sides blamed the economic crisis for the decrease in bilateral trade in 2009 which affected Israeli imports of both raw diamonds and petrochemicals. Both sides are looking for ways to diversify trade to include more agricultural products. Rosenblit noted that Russia was very interested in attracting Israeli investment, citing a bilateral agreement on industrial research and development which gives both governments the ability to finance joint start-ups.

¶6. (C) Elaborating on economics issues, Rosenblit said that Netanyahu and Putin discussed energy issues. Rosenblit said that Israel had discussed with Russia and Turkey the

possibility of extending to Israel a gas pipeline but this proposal became unnecessary after Israel found offshore gas reserves in Haifa. Although Gazprom is still interested in building facilities in Haifa and aiding in distribution, Rosenblit said this was now a question for the private sector. Rosenblit also claimed that an agreement was reached to launch a bilateral agricultural business forum in Moscow, possibly in March 2010. This would also be a private effort, but under governmental auspices. He also said that there was some discussion about future outer space cooperation for peaceful purposes.

¶17. (C) Rosenblit claimed that the 65th anniversary of World War II and Holocaust remembrance were high on the agenda. He said that both the GOI and the GOR are unhappy with recent attempts to revise the history of these events. He noted that a Holocaust Museum will be built in Russia and a commemorative site recognizing the Red Army's role in WWII will be constructed in Israel. Rosenblit also said that PM Putin invited President Peres to the May 9 Victory Day ceremonies in Moscow later this year. Medvedev also reportedly green lighted the idea of a cultural program including a "Year of Russia in Israel" and "Year of Israel in Russia" exchange.

Middle East Peace Not High on Either Agenda

¶18. (C) According to Rosenblit, MEPP was not thoroughly discussed and he "doubted that the Moscow Conference specifically was mentioned." Rosenblit also downplayed the

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recent visits of Abbas and Meshaal and the importance attached to them by the Russians. He said that he believed Georgia was of greater importance to Russia than Syria, Lebanon or Palestine.

¶19. (C) Rosenblit said that Netanyahu emphasized his openness to talks between the GOR and the Palestinians because he welcomed any way to bring them back to negotiations. "We wanted everyone to tell Abbas to return to negotiations because we can't give him a deal until he sits down." He noted that Israel prefers direct contacts but supports any kind of negotiations. Rosenblit said that Israel still insists on talks without preconditions and no interim agreements: "Nothing is agreed until everything is agreed." Rosenblit said that Israel supported Russia's efforts to achieve comprehensive negotiations including Syria and Lebanon.

¶10. (C) Referring to the recent visit to Moscow of Khaled Meshaal, Netanyahu told his interlocutors that Hamas should not be legitimized by other countries. Although Meshaal had only a 15 minute meeting with Lavrov, it received significant coverage in the media. Rosenblit said Medvedev asked what Russia could do to help with Hamas. Netanyahu repeated that Israel does not see Hamas as a legitimate partner but would use the Russia-Hamas channel to discuss humanitarian issues such as the proposed prisoner swap for IDF soldier Gilad Shalit.

Closer than Ever on Iran

¶11. (C) Lebedev sought to downplay discussions of Iran saying that, while it was discussed, other bilateral issues took up most of the discussions.

¶12. (C) Rosenblit, however, claimed that Iran was clearly at the top of Israel's agenda for this visit. He said Netanyahu was "keen to form a group of like-minded parties" who recognized the danger of Iran's program and would cooperate to stop its "militant nuclearization." Netanyahu emphasized

that Israel believes that once Iran has nuclear capabilities, other regional powers will immediately seek their own nuclear weapons. Because of this danger, and the threat from Tehran itself, Netanyahu urged Russia to cooperate on tougher sanctions against Iran.

¶13. (C) The Israeli side, according to Rosenblit, was pleasantly surprised at Russia's harsh tone on Iran which had changed dramatically even since FM Lieberman's visit in November. "We heard words from them that we've never heard before," Rosenblit claimed, "and we aren't hearing the same old arguments." Rosenblit credited this change to the Iranians themselves, saying that their rejection of the TRR proposal and their decision to enrich to 20 percent had toughened Russia's stance on Iran. He remarked that just a few months ago, there was concern in Israel that Iran would divide the international community, but Iran's actions have only served as a unifying factor. "Russia's understanding of the Iranian nuclear issue is closer to ours than it was a few months ago."

Ready to Discuss Sanctions

¶14. (C) On the issue of sanctions, Netanyahu reportedly handed the GOR a list of areas where Israel felt sanctions could affect change in Iran's behavior. The list included restrictions on Iranian exports of energy products; Iranian imports of refined petroleum products; the financial and banking sectors; and, shipping and aerospace companies. He noted that, while Russia was ready to discuss sanctions, the two did not necessarily see eye to eye on the specifics. Both sides did agree, however, that the UNSC had to agree on sanctions. Rosenblit said that Russian officials do not believe that unilateral sanctions will have the desired effect. They believe that the international community has to maintain united and either agree to impose or not impose sanctions.

¶15. (C) Netanyahu encouraged Russia to be an example for China regarding sanctions. Rosenblit said both Israel and Russia had been working bilaterally with China to convince them that it was time for a serious discussion on sanctions.

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S-300s: No Quid Pro Quo, but We Trust Medvedev

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¶16. (C) When asked about media reports citing Netanyahu himself which suggested that Israel had agreed not to restart arms deals with Georgia in exchange for Russia's continued inaction on the S-300s contract with Iran, Lebedev noted that, in spite of this statement, there had been no change in the GOR's policy. He claimed that fulfillment of the S-300s contract remained a political decision. He remarked that the S-300 system was itself defensive in nature and could not be used against another party, such as Israel.

¶17. (C) Rosenblit also would not acknowledge that a deal had been made. Instead, he said that Netanyahu had reiterated his trust in Medvedev regarding the S-300s. According to Rosenblit, Netanyahu believes that Russia has taken "all aspects of regional stability" into account when taking decisions on the S-300s. Rosenblit did note that the S-300s issue offered a window onto the different vectors in Russian foreign policy, with the contradictory statements that their delivery was imminent, and the delay being caused by technical and political issues, coming just days before Netanyahu's visit.

¶18. (C) Rosenblit said that neither Russia nor Israel was linking the S-300 issue with arms sales to Georgia. Israel, he claimed, as a Russian partner, was "listening attentively" to Russia's concerns about weapons supplies to Georgia and

the effects this could have in the region. Israel has friendly relations with Georgia but the Russian relationship was also very important, he said. He indicated that both sides were trying to come to an "understanding."

¶19. (C) Comment: The Russian media built up the Prime Minister's visit as the final stage of Russia's Abbas-Meshaal-Netanyahu trifecta of Middle East callers. While both sides paid lip-service to MEPP issues, Iran was the main agenda item. This reflects Netanyahu's priorities and the GOR's belief that it is Washington's job, not Moscow's, to pressure the Israelis on MEPP issues. Israel came away pleased with Russia's changed posture on Iran, but disappointed that its list of sanctions was too ambitious for the GOR. Separately, the widely reported "quid-pro-quo" on a mutual freeze of the Russian S-300 delivery for Iran and Israeli military sales to Georgia could be a convenient Israeli invention. While Israeli contacts say there is no formal deal, Netanyahu's statements to the media created enough speculation to put Russia in a corner. Should Moscow eventually deliver the system to Iran, Israel has a pretext to step up arms sales to Georgia.

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